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RUEHII/VIENNA IAEA POSTS COLLECTIVE PRIORITY  
RUEHRO/AMEMBASSY ROME PRIORITY 0417  
RHEGGTN/DEPT OF ENERGY GERMANTOWN MD PRIORITY  
RUEHFR/USMISSION UNESCO PARIS PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 1498

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FOR D, P, T, IO, ISN  
DOE FOR NA-24, NA-25, NA-21

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TAGS: [AORC](#) [PREL](#) [KNNP](#) [IAEA](#) [UN](#)

SUBJECT: IAEA PROPOSES UNPRECEDENTED, 23 PERCENT BUDGET  
INCREASE

REF: A. UNVIE 57  
[B](#). UNVIE 52

[1](#)1. (U) The IAEA released its biennial budget document on February 15, proposed an unprecedented, 23 percent increase. The increase would bring the IAEA regular budget from just under 300 million Euros in 2009 to 368 million in 2010 and 383 million in 2011. The proposed increase is split roughly in half between operational increases and capital investments, plus an additional, 3 percent price adjustment for inflation.

[1](#)2. (U) As predicted in ref A, the largest operational increase goes to the Department of Nuclear Security and Safety, bringing the Nuclear Security subprogram from 1 million Euros to over 8 million and more than doubling the Incident and Emergency Center from 1.4 million to 3.5 million. The Departments of Safeguards and Nuclear Power also enjoy healthy increases, including additional funds for verification activities, innovative reactor and nuclear power infrastructure development. One small but notable subprogram in the Department of Nuclear Techniques for Development - the Program of Action for Cancer Therapy (PACT) - was singled out for an increase from half a million Euros to 1.7 million. The largest increases under capital investments are destined for establishing a multi-year investment fund and financing upgrades for the Safeguards Analytical Laboratory (SAL).

[1](#)3. (U) Press reports to date have been misleading, with AFP, AP and Reuters all reporting the 11 percent figure for operational increases while giving only secondary attention to the equally impressive increase for capital investments and 3 percent adjustment for inflation. The total increase for the IAEA's regular budget of approximately 23 percent is more than double the amount mentioned in press reports. The entire 23 percent increase, if approved by Member States, is all part of the regular budget and would therefore be charged to Member States in the form of increased assessments.

[1](#)4. (SBU) Member States are not yet prepared to issue official positions on the proposed increase, but agree that tough negotiations lay ahead. One representative from a major donor country stated that the 23 percent proposed increase was "not a point of departure for serious negotiations." Another representative predicted the "wretched increase" would dominate all negotiations between Member States from now into the summer. From a U.S. point of view, however, the proposed increase supports U.S. priorities and is very much in line with Mission's view of how to make the best use of increased resources (ref B).

